

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 97-957

March 31, 1998

PHILLIPS WATER COMPANY
Proposed Increase in Rates

ORDER

WELCH, Chairman; NUGENT and HUNT, Commissioners

SUMMARY OF ORDER

The Commission approves a \$10,473 or 21.19% (over 1996 actual revenues of \$49,427) Step 1 Rate Increase for the Phillips Water Company (Company). The Company is also authorized to file for a Step 2 increase if the Mount Blue Standard Water District does not purchase the Company's assets.

BACKGROUND

The Phillips Water Company (Company) entered into a Consent Agreement (Agreement) with the Department of Human Services in May of 1997. The Agreement was approved by the Superior Court, Kennebec County, on May 14, 1997. The Agreement requires the Company to make the improvements necessary to comply with the Safe Drinking Water Act or, alternatively to sell its assets to the Mt. Blue Standard Water District. In addition, the Agreement requires the Company to "file a rate case with the Maine Public Utilities Commission seeking a rate hike to be effective not later than March 1, 1998, sufficient to allow for the performance of all obligations under this Agreement."

The Mt. Blue Standard Water District has been approved by the voters of the District and is currently negotiating with the Company for the purchase of its assets.

On December 17, 1997, the Phillips Water Company filed its request for a two-step rate increase to become effective on an emergency basis on January 15, 1998, and September 15, 1998, respectively. The Company mailed the required notice to each of its customers. That notice identified January 1, 1998, as the deadline for the filing of petitions to intervene. On December 24, 1997, the Commission received a letter from James E. Eustis, a customer, requesting that the Commission hold a hearing and indicating that he wished to participate in that hearing. Mr. Eustis subsequently met with the Company and has signed an agreement for the resolution of his pressure complaint. On March 4, 1998, the Commission received a letter signed by James E. Eustis indicating that he no longer wished to be an intervenor in this case.

Decision

We have reviewed the filing, responses to data requests, and the Consent Agreement. We will approve the Step 1 Rate Increase necessary to cover current costs and will approve a formula for the Step 2 Rate Increase if the Company is unable to sell its assets. It is anticipated that the proposed Step 2 Rate Increase will be filed 60 days prior to, and for effect on, the date the Company closes on the bonds necessary to finance the required Safe Drinking Water Act Improvements.

Accordingly, we

O R D E R

1. That the Phillips Water Company Schedule of Rates, consisting of Sheets 1 through 4 - all First Revision, filed on December 17, 1997, are approved to become effective for service rendered on and after April 1, 1998;
2. That the Phillips Water Company Schedule of Rates consisting of Sheets 1 through 4 - all Second Revision, filed on December 17, 1997, shall not become effective; and
3. That the Phillips Water Company is authorized to file for a Step #2 Rate Increase if it is unable to sell its assets to the Mt. Blue Standard Water District. The Step #2 Rate Increase shall be calculated in accordance with Attachment A to this Order.

Dated at Augusta, Maine this 31st day of March 1998.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: WELCH
NUGENT
HUNT

